

Message Text

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ACTION EUR-25

INFO OCT-01 IO-14 ISO-00 EURE-00 SSO-00 INRE-00 NSCE-00

USIE-00 PA-04 PRS-01 AID-20 CEA-02 CIAE-00 COME-00

EB-11 FRB-02 INR-10 NSAE-00 RSC-01 CIEP-02 SPC-03

STR-08 TRSE-00 LAB-06 SIL-01 OMB-01 SCI-06 SCEM-02

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FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC IMMEDIATE 6182

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

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AMEMBASSY THE HAGUE

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E.O. 11652: NA

TAGS: PGOV, EGEN, EFIN, ENRG, EEC

SUBJECT: DECEMBER 17-18 EC COUNCIL MEETING (FOREIGN
MINISTERS); COMPLETE FAILURE

REF: A. EC BRUSSELS 7360

B. EC BRUSSELS 7359

1. SUMMARY: IN SPITE OF WHAT HAD APPEARED TO BE
RATHER SPECIFIC INSTRUCTIONS FROM THE COPENHAGEN
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SUMMIT, AS ITS MEETING ON DECEMBER 17-18 THE EC

COUNCIL FAILED TO REACH AGREEMENT ON REGIONAL POLICY. THIS WAS LARGELY DUE TO BRITISH-GERMAN DIFFERENCES ON THE SIZE OF THE REGIONAL FUND. AS A RESULT, THE BRITISH REFUSED TO AGREE TO NEW ACTION IN THE ENERGY FIELD AND DEMANDED SUSPENSION OF COUNCIL APPROVAL OF SECOND STAGE OF ECONOMIC AND MONETARY UNION WHICH HAD BEEN AGREED TO BE THE FINANCE MINISTERS A DAY EARLIER. THE LACK OF ACTION IN THESE THREE AREAS (TWO OF WHICH HAD JANUARY 1, 1974 DEADLINES ESTABLISHED BY THE 1972 PARIS SUMMIT) ONLY THREE DAYS AFTER THE COPENHAGEN SUMMIT, LEAVES THE EC STAGGERING AT YEAR'S END IN A SERIOUS DISPUTE. THERE IS OPEN BITTERNESS BETWEEN GERMANY AND BRITAIN. THE COUNCIL HAS "STOPPED THE CLOCK" ON THESE ISSUES UNTIL IT HOLDS ITS NEXT MEETING ON JANUARY 7, 1974. THE LACK OF PROGRESS AT THIS COUNCIL MEETING TENDS TO CONFIRM THAT THE COPENHAGEN SUMMIT FAILED IN ITS IMMEDIATE OBJECTIVE OF RESTORING THE COMMUNITY'S MOMENTUM. END SUMMARY.

2. THE FOREIGN MINISTERS BEGAN THEIR COUNCIL MEETING THE AFTERNOON OF DECEMBER 17 WITH A DISCUSSION OF REGIONAL POLICY. (A WORKING PARTY WAS ESTABLISHED TO PREPARE PROPOSALS ON ENERGY MATTERS FOR THE COUNCIL'S CONSIDERATION THE NEXT DAY IN ACCORDANCE WITH SUMMIT INSTRUCTIONS ON THAT SUBJECT.) THE FINANCE MINISTERS HAD COMMENCED THEIR SEPARATE COUNCIL MEETING THAT MORNING AND REACHED AGREEMENT ON THE CONTENTS OF A RESOLUTION ON A SECOND STAGE OF ECONOMIC AND MONETARY UNION AND ADOPTED SEVERAL OTHER RESOLUTIONS (REFTEL A). IT SOON BECAME EVIDENT THAT SUFFICIENT AGREEMENT HAD NOT BEEN REACHED AT THE SUMMIT TO PERMIT THE FOREIGN MINISTERS TO AGREE ON THE SIZE OF THE REGIONAL FUND. THE FIRST DAY'S DISCUSSION ON THE SUBJECT ENDED IN DEADLOCK AT 11:00 P.M. THE MORNING SESSION ON DECEMBER 18 OPENED WITH A FURTHER DISCUSSION OF REGIONAL POLICY BUT FAILED TO MAKE ANY PROGRESS.

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3. GERMANY REFUSED ANY MOVEMENT FORWARD ON THE COMMISSION PROPOSAL ON THE SIZE OF THE REGIONAL FUND (2.25 BILLION UNITS OF ACCOUNT OVER A THREE-YEAR PERIOD). GERMAN STATE SECRETARY APEL (THE GERMANS WERE REPRESENTED IN BOTH COUNCIL MEETINGS BY STATE SECRETARIES WHILE ALL OTHER COUNTRIES WERE REPRESENTED BY MINISTERS) CLEARLY HAD NO AUTHORITY TO DEVIATE FROM HIS INSTRUCTIONS ON THE SIZE OF

THE FUND (600 MILLION UA OVER THREE YEARS). THE BRITISH, SUPPORTED BY THE ITALIANS AND THE IRISH, ARGUED FOR A 3 BILLION UA FUND. ALTHOUGH IT WAS ISOLATED IN ITS OPPOSITION, GERMANY STATED THAT IT COULD NOT SUPPORT A LARGE REGIONAL FUND BECAUSE IT IS CLEAR THAT THE COMMUNITY IS NOT FUNCTIONING WELL AND GERMANY CANNOT MAKE A MAJOR CONTRIBUTION IN THESE CIRCUMSTANCES. THE GERMANS ALSO MADE THE POINT THAT THEY ARE FED UP WITH BEARING THE LARGEST SHARE OF THE COMMUNITY'S FINANCIAL BURDEN, PARTICULARLY WHILE FACING GROWING UNEMPLOYMENT AT HOME ARISING FROM THE ENERGY CRISIS. THEY STOOD FIRM AND REFUSED TO COMPROMISE.

4. THE PRINCIPAL CONFRONTATION OVER THE REGIONAL FUND WAS BETWEEN THE UK AND THE FRG. THE FRENCH WERE REPORTEDLY CONTENT TO REMAIN ON THE SIDELINES OBSERVING THE BATTLE. DOUGLAS-HOME STRESSED THAT THE GERMANS WERE AWARE OF THE IMPORTANCE THE UK PLACED ON REGIONAL POLICY AND ARGUED THAT THE UK MUST RECEIVE SOMETHING SUBSTANTIAL FROM IT. APEL, IN AN ON-THE-RECORD STATEMENT TO THE PRESS, SAID THAT THE FRG WAS NOT READY TO BUY EC SOLIDARITY WITH A HEAVY CONTRIBUTION TO THE REGIONAL FUND. HE RECALLED THE BRITISH WERE AWARE THAT ALL ALONG THE GERMANS HAD MADE IT CLEAR THAT THEY COULD NOT ACCEPT A FUND THE SIZE PROPOSED BY THE COMMISSION. APEL INDICATED THAT THE BRITISH TACTIC OF "KEEPING GERMANY UNDER ATTACK IN THE COMMUNITY WILL NOT WORK."

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5. IN VIEW OF THE DEADLOCK OVER THE REGIONAL FUND, THE BRITISH IN TURN REFUSED TO AGREE TO ANYTHING ON THE ENERGY PORTION OF THE AGENDA. THEY BLOCKED COUNCIL ESTABLISHMENT OF THE ENERGY COMMITTEE AND APPROVAL OF A REGULATION WHICH WOULD REQUIRE THE MEMBER STATES TO PROVIDE PERTINENT INFORMATION TO ENABLE THE COMMISSION TO DRAW UP ENERGY BALANCE SHEETS. THE ENERGY ANNEX TO THE SUMMIT STATEMENT HAD CALLED ON THIS COUNCIL MEETING TO TAKE ACTION ON BOTH MATTERS. BRITISH FOREIGN LIMITED OFFICIAL USE

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SECRETARY DOUGLAS-HOME SAID IT WOULD BE NECESSARY TO "STOP THE CLOCK" WHILE MEMBER STATE DELEGATIONS "GO BACK HOME AND THINK ABOUT THE SITUATION" UNTIL THEY CAN COME BACK WITH THE "EUROPEAN SOLUTIONS." (THE TACTIC OF STOPPING THE CLOCK IS ONE WHICH HAS NOT BEEN USED FOR SEVERAL YEARS IN EC CRISES. IT IS NOT CLEAR WHETHER THIS ACTION BY THE BRITISH, WHICH IS LIKELY TO LAST INTO 1974, WILL KEEP THE DANES IN THE CHAIR OR WILL PERMIT THE PRESIDENCY OF THE COUNCIL TO PASS TO THE GERMANS ON JANUARY 1.) DOUGLAS-HOME SAID LATER TO THE PRESS THAT BRITAIN WOULD PROVIDE THE NECESSARY ENERGY INFORMATION ON A VOLUNTARY BASIS BUT "THERE CAN BE NO FORMAL COMMUNITY DECISIONS UNTIL AFTER A GREAT DEAL OF CONTACT BETWEEN THE MEMBER STATES AND UNTIL THE NEXT COUNCIL" WHICH HAS BEEN SCHEDULED FOR JANUARY 7, 1974.

6. THE BRITISH ALSO DEMANDED SUSPENSION OF THE

AGREEMENT REACHED THE DAY BEFORE ON ECONOMIC AND MONETARY UNION. DOUGLAS-HOME SAID THE SUMMIT GAVE INSTRUCTIONS TO THE COUNCIL TO REACH DECISIONS IN THREE AREAS (I.E. ECONOMIC AND MONETARY UNION, REGIONAL POLICH AND ENERGY) AND "IF THERE IS TO BE NO MOVEMENT IN ONE OF THESE AREAS, WHY SOULD THERE BY ANY MOVEMENT IN THE OTHERS." MOST OF THE MINISTERS THEN LEFT THE MEETING. THE COUNCIL CONTINUED IN SESSION TO CONSIDER AT A LOWER LEVEL A NUMBER OF OTHER ITEMS (WHICH ARE BEING REPORTED BY SEPTTEL. THE COUNCIL THUS CONCLUDED ITS FINAL MEETING IN 1973 IN TOTAL DISAGREEMENT ON MAJOR ISSUES. DUTCH FOREIGN MINISTER VAN DER STOEL DESCRIBED THE SITUATION AS VERY DIFFICULT BUT ADDED "IF ALL ARE WILLING TO ABIDE BY WHAT WAS AGREED TO AT COPENHAGEN, IT WILL BE POSSIBLE TO REACH A SOLUTION."

7. COMMENT. THE FAILURE OF THE DECEMBER 17-18 COUNCIL MEETING TO CARY OUT THE GUIDLINES OF THE COPENHAGEN SUMMIT AND THE STOPPING OF THE COMMUNITY CLOCK HAVE BROUGHT A MOOD OF DISCOURAGE-
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MENT AND FRUSTRATION TO BRUSSELS. THE COMMUNITY ENDS THE YEAR WITHOUT HAVING REALIZED THE PROMISE AND OPTIMISM WITH WHICH IT GREETED THE ENTRY OF ITS THREE NEW MEMBERS, AND PARTICULARLY THE UK, AT THE BEGINNING OF 1973. MUCH OF THE YEAR WAS TAKEN UP WITH ADJUSTING TO THE CONDITIONS OF AN ENLARGED COMMUNITY AND ABSORBING THE NEW MEMBERS. NEVERTHE- LESS, THE COMMISSION PREPARED A WIDE RANGE OF PRO- POSLAS AIMED AT IMPLEMENTING THE PROGRAM OUTLINED FOR THE ENLARGED COMMUNITY BY THE 1972 PARIS SUMMIT.

8. AS THE END OF 1973 APPROACHED, THE COUNCIL HAD NOT YET TAKEN MANY DECISIONS ON THESE PROPOSALS AND THE EXPECTATION WAS THEY WOULD BE PUT TOGETHER AT THE END OF THE YEAR IN A TRADITIONAL COMMUNITY PACKAGE.THE COPENHAGEN SUMMIT WAS SEEN AS GIVING IMPETUS TO THIS APPROACH, AS PROVIDING THE POSSIBILITY FOR THE COMMUNITY TO MOVE FURTHER AHEAD (REF B) AND CREATING AT LEAST A SEMBLANCE OF UNITY IN THE ENERGY CRISIS. THE DECEMBER 17-18 COUNCIL MEETING, WHICH WAS TO BE THE BEGINNING OF THIS RESUMPTION OF PROGRESS IN COMMUNITY DEVELOPMENT, HAS, HOWEVER, FAILED TO DO THESE THINGS. WHETHER BY STOPPING THE CLOCK THE MEMBER STATES CAN RESOLVE THEIR DIFFERENCES AND COME BACK ON JANUARY 7 TO

REACH AGREEMENT REMAINS TO BE SEEN, OF COURSE, AND
FOR THE PRESENT AT LEAST NOBODY IS WILLING TO
MAKE ANY PREDICTIONS. END COMMENT.GREENWALD

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